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RUEHJM/AMCONSUL JERUSALEM PRIORITY 2252
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

On June 28, HaQaretz reported that Israel and Egypt are negotiating the terms of a new Gaza cease-fire. The newspaper reported that the U.S. administration and the EU are making efforts to include Hamas in a broader diplomatic effort that would include a long-term cease-fire with Israel, reconciliation among Palestinian factions,

and support for renewed negotiations with Israel on the basis of the Arab peace initiative. Today the media reported that, at Sunday's cabinet meeting, DM Barak refuted reports of a breakthrough in the negotiations to bring Gilad Shalit home.

Israel Radio reported that PM Benjamin Netanyahu will convene a ministerial committee on settlement policy today before DM Ehud Barak's departure to the U.S. to hammer out a deal on settlement construction. Maariv reported that Barak will ask U.S. special envoy George Mitchell to let Israel complete already-started construction projects. The Jerusalem Post reported that, the Givat Ze'ev settlement, located just northwest of Jerusalem, is about to experience its largest population boom in at least 10 years, and possibly since its founding in 1983. The newspaper also reported that on Sunday, Barak denied reports that Israel had decided to freeze all Jewish building in the West Bank for three months, including natural growth, saying there had been no agreement on this yet in Jerusalem. The media reported that on Friday in Trieste, the foreign ministers of the Quartet called on Israel to freeze all construction in settlements, including construction attributed to natural growth. Media reported that Netanyahu indicated on Saturday that he would follow suit. FM Avigdor Lieberman was quoted as saying over the weekend in a Russian-language interview with Radio Reka (the Russian-language service of Israel Radio), to sum up his visit to the United States, the European Union and Canada: "I don't understand the Americans' obsession about the settlements. In the interview Lieberman said that his meeting with Secretary of State Hillary Clinton had not been easy but had nevertheless borne fruit. "We had a lot of issues on the agenda and we managed to formulate a joint position on all of them," he was quoted as saying.

"We reached an agreement on all of the principal clauses, barring one point, which, of course, pertained to the construction of the settlements in Judea and Samaria [i.e. the West Bank]." Lieberman noted that with the exception of the settlement issue, the United States' position vis-à-vis Israel was far more positive than what might otherwise be surmised.

Haaretz reported that Jerusalem Mayor Nir Barkat is set to announce a plan to freeze demolition orders on around 70% of unauthorized construction in the east of the city. The municipality would also negotiate compensation terms with families evicted from the remaining 30% of unauthorized housing.. The plan represents a departure from earlier statements, in which Barkat spoke out against illegal construction by Palestinians in East Jerusalem.

Makor Rishon-Hatzofe highlighted a comment made by U.S. Ambassador to the UN Susan Rice yesterday that the legitimacy of the Iranian government, while questioned by the people of Iran, is not the critical issue for the U.S. goal of preventing Iran from developing a nuclear capability.

The media reported that yesterday President Shimon Peres left for visits to Azerbaijan and Kazakhstan.

All media (banners in Yediot and Maariv) reported that the Deputy Director of Mossad -- "Q", a friend of PM Netanyahu -- is quitting the service, following the PM's decision to extend by one year the tenure of Mossad Director Meir Dagan. The deputy director traditionally succeeds the director.

Israel Radio reported that Netanyahu associate and former ambassador to the U.S., Zalman Shoval, consulted officials in Washington on Netanyahu's behalf and that he received the impression that the U.S. administration is interested in resolving the settlement issue.

Former Deputy U.S. National Security Advisor Elliott Abrams said on Friday night in an interview with Israel TV that, all the denials notwithstanding, there were agreements between Israel and the United States regarding natural growth in the settlements. Abrams also said that the agreement contained a number of principles: There aren't going to be new settlements; no financial incentives will be given so that people might move to settlements; construction will be carried out only inside the construction lines of the existing settlements; and there will be no confiscation of Palestinian lands.

Abrams explained: The idea was that if you build inside the settlements, or if you build vertically and not outwardly, that won't have any impact on the final status arrangement negotiations. Regarding Secretary of State Hillary Clinton's position, Abrams

said: QIt is true that there wasnQt a contract. All of the understandings were oral in conversations between Bush and Sharon.... Apparently, the problem is that not all of the oral agreements were passed on properly to the new administration.

HaQaretz reported that, during their meeting in Paris last week, French President Nicolas Sarkozy asked PM Benjamin Netanyahu if he should seek the assistance of Syria and Qatar to speed up the talks for releasing Gilad Shalit. Sarkozy said France could ask the leaders of the two Arab countries to seek Hamas's consent for either a sign of life from Shalit or permission for a visit by the Red Cross. According to HaQaretz, Sarkozy also told Netanyahu that during the Olmert administration he had contributed to exchanges on the Shalit affair through his ties with Syrian President Bashar Assad and the Emir of Qatar, Hamad bin Khalifa. Both Arab leaders have regular contact with Damascus-based Hamas politburo chief Khaled Mashal. Sarkozy also told Netanyahu that the release of Shalit, who has been held in Gaza for three years now, is "key to a change in the situation in the area." But Sarkozy also stressed that "you will have to release prisoners, otherwise there will be no deal." Israel Hayom reported that, during his meeting with Netanyahu, Sarkozy sharply criticized Tzipi Livni for not joining the government, especially after NetanyahuQs Bar-Ilan University policy speech.

HaQaretz reported that MK Ophir Pines-Paz (Labor) is forming a Knesset lobby for evacuating illegal West Bank outposts, in the wake of the U.S. administration's demand that Israel stop settlement construction and evacuate outposts. Pines-Paz was quoted as saying that the lobby will track the outposts' growth and expansion, raise public awareness about the issue, and call on MKs to support the cabinet in measures against the outpost residents. This morning, electronic media reported that the state told the High Court of Justice that DM Barak has approved the construction of 50 housing units in the settlement of Adam to relocate evacuees from the unauthorized outpost of Migron. The state also agreed in principle to build 1,450 units at Adam. The leading news Web site, Ynet, reported that the Yesha Council of Jewish Settlements in the Territories backs the position of the state, while the far Right claims that this is a Qhoney trap.Q The media cited the LeftQs anger over the development.

The Jerusalem Post reported that Netanyahu told the cabinet yesterday that, if Hizbullah is included in the new Lebanese coalition, Lebanon will be held responsible for HizbullahQs actions.

HaQaretz reported that, ahead of a meeting between President Obama with his Russian counterpart Dmitry Medvedev next week, Israel has began an international effort to pressure Russia not to complete the sale of S-300 air defense missiles to Iran. HaQaretz quoted a diplomatic source in Jerusalem as saying that in recent weeks there has been noticeable deterioration in RussiaQs position regarding the arms sale.

The Jerusalem Post reported that, according to a group of American university professors who yesterday concluded an academic exchange program here, sponsored by the Yitzhak Rabin Center, unwavering support for Israeli policy has eroded dramatically both on American college campuses and within the U.S., as a whole.

The media reported that, in an expected move, Knesset Member Haim Ramon, a former vice premier, is expected to announce his resignation from the Knesset today after serving as an MK and minister for 26 years (first in the Labor Party and later in Kadima). The veteran lawmaker is leaving the parliament to become the chairman of the Kadima Council, the opposition party's most important body, following an agreement with Tzipi Livni, the party chairwoman. This will enable him to continue his input to the political agenda while going into private business. Ramon's departure paves the way for Kadima activist Yulia Smolov-Berkovich to enter the Knesset. In another development, MK Shaul Mofaz (Kadima) told IDF Radio yesterday that Livni is not fit to make decisions.

The media reported that on Saturday, Vice PM Silvan Shalom announced the creation of a pilot project -- in agreement with Jordan and the World Bank -- to test the feasibility of the Red-Dead Canal project, designed to both provide drinking water and rescue the Dead Sea.

The project's prospects are not clear.

Yesterday Maariv reported that Israel's chances of joining the OECD are growing.

Maariv reported on the opposition of Arab member states of UNESCO to the recognition by the international organization of the Canaanite Gate in Tel-Dan (Upper Galilee) as a world heritage site. Those countries claim that Israel occupied the area during the Six-Day War.

Mideast:

Block Quotes:

I. "Agreements Need to Be Kept"

Dov Weisglass, who was former prime minister Ariel Sharon's top diplomatic advisor, wrote in the mass-circulation, pluralist Yediot Aharonot (6/28): QOn May 16, 2003, in the course of meetings in Israel and in Washington regarding the Israeli reservations about the Roadmap, an agreement was reached that there would be no construction in the Jewish settlements in Judea and Samaria and Gaza [i.e. the territories], with the exception of construction within the existing line of construction.... The current position of the U.S. administration on this issue is embarrassing, to understate matters.... Indeed, there was an agreement that was documented (at least in the Israeli records) and was publicly discussed. And this needs to be remembered: oral agreements are agreements that need to be kept as well, provided there is tangible evidence to demonstrate their existence. Furthermore, it is well known in contract law that any agreement can be canceled or changed in the event of a radical change in the circumstances that reigned at the time of its signing.

That is not the case here. Nothing substantive that would justify the cancellation of the agreement has occurred in the past six years. The administration's denial is not only unjustified and unfair, it is also unwise. The Israeli-Arab conflict is rife with suspiciousness.... And since agreements need to be kept, Israel too needs to remove any doubt about its commitment to the Roadmap. The obligation to keep commitments applies to Israel as well.

II. "Speak to Us with Sticks"

Senior op-ed writer Akiva Eldar commented in the independent, left-leaning Ha'aretz (6/29): QLeaders of the international community and the Arab world are the only ones capable of convincing the average Israeli that only a QsuckerQ would miss out on the great opportunity for a Jewish state within the improved 1967 borders, on resolving the bulk of the Palestinian refugee problem, ensuring normalization with the Arab world, and receiving security guarantees from the West. Obama appealed directly to the Muslim QUmmaQ, bypassing the radical Islamists; the time has come for him to directly address the Israelis, bypassing their leadership. In doing so, it would be best to first present them with the cost of refusal, before Netanyahu manages to convince them that Obama is not a partner.

III. "Seeking Palestinian Unity"

Ha'aretz editorialized (6/29): QU.S. President Barack Obama, for his part, already established in his Cairo speech that Hamas could have a proper role in the peace process if it recognizes Israel. He thus opened a political door for the organization, as well as a window for dialogue with the United States. Hamas politburo leader Khaled Mashal's speech last weekend shows that his organization is not ignoring the outstretched hand or Syrian encouragement, and seems ready to make real moves toward reconciliation. Israel can no longer ignore the region's spinning political kaleidoscope and continue to adhere to positions that are not conducive to advancing the peace process. If Israel erred when it allowed the Palestinian Authority elections to be held in 2006, it made more mistakes by refusing to recognize Hamas's elected government and later by alienating the Palestinian unity government. This boycott, which PA President Mahmoud Abbas took part in, generated Hamas's takeover of Gaza and the split between Gaza and the West Bank, which blocked any

attempt to move the peace process forward. Israel has learned that one Palestinian hand is not enough to conduct negotiations, let alone sign an agreement. Israel must make clear that, like Obama, it is ready to talk to a united Palestinian government -- about releasing abducted soldier Gilad Shalit, but also about a comprehensive peace move.

IV. "The World according to Fayyad"

The Director of the Interdisciplinary Center's Global Research in International Affairs Center, columnist Barry Rubin, wrote in the conservative, independent Jerusalem Post (6/29): Q[In a June 22 presentation, Palestinian Prime Minister Salam Fayyad] predicts a Palestinian state within two years. Yet he has no way to make this happen except to prove that the real reason the peace process hasn't succeeded is the misconception Qthat it is always possible to exert pressure on the weaker side in the conflict, as if there is no limit to the concessions that it could offer.Q In other words, the reason why peace has not been achieved is because the PA had to make all the concessions. The truth, of course, is the exact opposite. Israel withdrew from most of the territory, allowed 200,000 Palestinians to come in, cooperated in the establishment of security forces, agreed to large-scale subsidies for the PA, and so on. And what concession did the Palestinians make? They said to international audiences -- though not in their own media, mosques, schools or internal statements -- that they accepted Israel's existence and sometimes, but far from always, stopped some terrorist attacks -- when it suited them. Doesn't Fayyad see the irony in his words? He views Israel as the weaker side in relation to the West and thinks those other countries will force it to make concessions without limit. By feeding the PA's false belief that the West will pressure Israel into giving it a state in the borders it wants, without concessions, restrictions or even implementation of past promises, the U.S. and European governments are doing a very effective job in sabotaging any possibility for peace.

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